



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

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RECEIVED

OCT 07 1991

DIVISION OF
OIL GAS & MINING

October 7, 1991

CERTIFIED MAIL NO. P 879 599 533

Diamond Shamrock Exploration Co., Lessee
Attn: Land Department
P.O. Box 631
Amorillo, TX 79173

and,

CERTIFIED MAIL NO. P 879 599 534

James F. Maxwell, Designated operator
722 E. 2730 No.
Provo, UT 84604

Gentlemen:

RE: State Oil, Gas, and Hydrocarbon lease ML 41160
Division of Oil, Gas, and Mining Permit D.O.G. /047/024

On October 2, 1991, Division of State Lands and Forestry staff made a field visit to the tar sands mining operation being conducted by James Maxwell under the above-numbered State Oil, Gas, and Hydrocarbon lease on lands in Sec. 17, T12S, R25E, SLB&M.

Staff observed that operations are not being conducted in accordance with the mining plan which was previously submitted to the Division and approved. Unacceptable degradation of the surface and damage to the tar sand resource is occurring by the operators failure to implement required drainage control measures and to properly stockpile overburden materials.

You are hereby notified that Lessor considers Lessee to be in default of Section 11. OPERATION REQUIREMENTS - PREVENTION OF WASTE of State lease ML 41160. You may make acceptable remedy within the next 30 days as follows.

1. Take action to compact and stabilize waste rock material which was dumped over the lower edge of the pit in violation of the approved mining plan.

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2. Construct a ditch or culvert system to divert surface runoff out of the bottom of the mine pit and onto rock slopes located northeast of the mine pit.

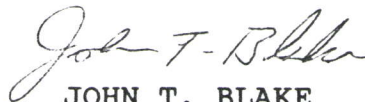
3. Construct a five foot high berm across the lower end of the mine pit. the berm must be constructed at least ten feet back from the large ground-slump fissure which has developed near the lower edge of the mine pit. The berm must also be lined or otherwise made impervious to water on its pitward side.

4. Gather and dispose of all trash and debris, including empty plastic bottles and containers which are scattered around the processing plant and living quarters complex.

Failure to comply and make remedy as described above may result in your forfeiture of State lease ML 41160.

Please contact me immediately should you require any clarification of the violations or of the measures required to make remedy.

Sincerely yours,



JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Seabrook Corporation
555 17th Street
Suite 1000
Denver, CO 80202

Edward W. Bonner
Minerals Section Manager
Division of State Lands and Forestry

Wayne Hedberg
Division of Oil, Gas, and Mining